# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:927
ANSWERED ON:29.07.2005
INTEREST ON AGRICULTURE LOAN
Joshi Shri Pralhad Venkatesh

**Will the Minister of FINANCE be pleased to state:**

(a)whether the State Government of Karnataka has sent any specific proposal to the Union Government regarding waiving the interest on agriculture loan taken by farmers by various nationalized and scheduled commercial banks in the country;

(b) if so, the details thereof and the action taken by the Government thereon; and

(c) the details of the agriculture and crop loan given to farmers during 2004-05, State-wise?

## Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM)

(a)&(b): Government keeps on receiving references from various State Governments on different issues from time to time. However, any scheme aimed at providing general waiver of interest on loans, including agriculture loans, will have an adverse impact on the depositors money and it is also against prudent banking norms. Nevertheless, Government has extended relief to the farmers affected by drought during Kharif 2002 by conversion of short term crop loans into medium term loans repayable within a period of 5 years in the case of small farmers and 4 years in the case of other farmers. Besides, the interest on crop loans was also deferred and rescheduled in such a way that only 20% of the deferred interest fell due in the first year. Government agreed to bear the first installment of the rescheduled interest Further, the Government has announced a package to enhance the flow of credit to agriculture. The package includes a scheme for assisting farmers in distress in terms of which interest as on 31.03.2004 is clubbed with the principal amount and rescheduled for a period of 5 years(including moratorium period of two years).

(c) : State-wise agriculture loans given to farmers during 2004-05 are given at Annex.